

DEPARTMENT OF WATER RESOURCES

CALIFORNIA ENERGY RESOURCES SCHEDULING
P.O. BOX 219001
3310 EL CAMINO AVENUE, SUITE 120
SACRAMENTO, CA 95821-9001
(916) 574-1291



**California Energy Resources Scheduling
Comments on CAISO Final Draft Final Proposal
for
Standard Capacity Product for Resource Adequacy
February 25, 2009**

CERS appreciates the opportunity to comment on the Final Draft Final Proposal as described in the White Paper dated February 6, 2009 and presentation dated February 11, 2009. CERS supports the concept of SCP, but has concerns with one aspect of the Proposal – the treatment of legacy bilateral contracts (grandfathering.)

The White Paper describes a revised proposal for Availability Standards, Charges, and Credits that would not apply to legacy (“grandfathered”) contracts pre-existing the SCP concept. In general, legacy contracts contain their own internal performance standards agreed upon between the parties and the SCP should honor those terms and conditions. CERS concurs with this current approach.

The White Paper also describes a revised approach to transition issues (exemptions) for legacy contracts. CERS supports the notion that legacy contracts, especially the large State portfolio signed as a result of the electrical emergency in 2001, should be exempted for the life of the contracts. Certification of the start and end date is unnecessary (for State contracts) because the contracts are a matter of public record (a summary table submitted previously with earlier SCP comments is included again here for your convenience.)

The proposed exemption is critical to avoid stranding the State’s investment in these contracts. It is also critical that the proposed exemption not strand these contracts as a result of State public policy to transition the Department of Water Resources out of administering the State’s wholesale energy supply. Whether the contracts remain under DWR administration, or are transitioned to the Investor Owned Utilities (IOUs,) they should be exempted from SCP performance standards since they contain their own internal standards. If the contracts remain under DWR administration, they will likely be amended from time to time to accommodate MRTU or any other routine contract administration issues – they should remain exempted. If the contracts transition to the IOUs (as a result of novation and replacement agreements,) they may contain amended terms and conditions – but they should remain exempted in this case, too. It should not be automatically assumed that contract amendment or replacement (for term extension or any other changed terms and conditions) should remove the exemption from SCP standards. Since an extended term (or any other changed terms or conditions) may be a result of “consideration” and value adjustment associated with litigation or dispute settlement, CERS recommends a case-by-case public process review of any intent to modify the exemption

If you have questions on these comments, please call Jim Spence at 916-574-0292.

CONTRACT NAME	Utility Allocation	Contract Term End Date	Nominal Capacity as of 08/01/2009
Calpine 1	PG&E	12/31/2009	1,000
Calpine 2	PG&E	12/31/2009	180
PacifiCorp	PG&E	06/30/2011	300
Calpine 3	PG&E	07/31/2011	495
Wellhead – Fresno	PG&E	10/31/2011	21
Wellhead – Gates	PG&E	10/31/2011	46
Wellhead – Panoche	PG&E	10/31/2011	50
GWF – Phase I, II	PG&E	12/31/2011	193
CalPeak – Panoche	PG&E	01/01/2012	52
CalPeak – Vaca Dixon	PG&E	01/01/2012	51
Coral – Peak	PG&E	06/30/2012	825
Coral – Base	PG&E	06/30/2012	100
GWF – Phase III	PG&E	10/31/2012	169
Kings River Conservation District	PG&E	09/17/2015	96
San Francisco Peakers	PG&E	TBD	0
PG&E Subtotal			3,608

Colton – Drews	SCE	12/31/2010	40
Colton – Century	SCE	12/31/2010	40
Bear Energy AL1, AL5	SCE	12/31/2010	655
Bear Energy HB1	SCE	12/31/2010	215
Bear Energy RB6	SCE	12/31/2010	175
High Desert Power Project	SCE	01/21/2011	730
Sempra – Base	SCE	09/30/2011	1,200
Sempra – Peak	SCE	09/30/2011	400
Mountain View (Wind)	SCE	09/30/2011	67
Allegheny	SCE	12/31/2011	800
SCE Subtotal			4,322

Bear Energy B	SDG&E	12/31/2010	275
Bear Energy C	SDG&E	12/31/2010	50
CalPeak – Escondido	SDG&E	12/08/2011	50
CalPeak – Border	SDG&E	12/12/2011	53
CalPeak – El Cajon	SDG&E	01/01/2012	52
Sunrise	SDG&E	06/30/2012	570
ShellWind Cabazon (Wind)	SDG&E	12/31/2013	43
ShellWind Whitewater Hill (Wind)	SDG&E	12/31/2013	62
SDG&E Subtotal			1,154
Grand Total			9,084